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ABSTRACT

This report, one of a series on Changing Patterns of Finance in Higher Education, examines important changes in the funding for higher education in England during the 1970s and 1980s. Until the early 1970s, English universities were funded by quinquennial grants from the government through the University Grants Committee; the public sector institutions were funded by the Advanced Further Education Pool. In the early '70s, due to England's economic problems and a decrease in the demand for higher education, these funding bodies collapsed. There followed a public debate about student financial support, whether institutional income should depend in large part on fees, and whether student support should be in grants or loans. In the summer of 1988 the Education Reform Act passed with four provisions which changed the funding mechanisms to make the universities and other institutions more accountable to their funding bodies through the operation of market and quasi-market mechanisms. The reaction of the universities to these proposed changes has been almost universally suspicious, while the public sector institutions have welcomed them. Issues for the 1990s include a proposed loan scheme for students entering higher education, reforms in research funding, and a downward demographic trend. (JB)

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CHANGING PATTERNS OF FINANCE IN HIGHER EDUCATION

COUNTRY STUDY: ENGLAND

This report is one of a series of country studies prepared in the framework of the OECD Education Committee activity on Changing Patterns of Finance in Higher Education. These studies have provided the background information for the preparation of a general report on this topic that will be published by the OECD.

The country study on England has been written by Gareth Williams, Institute of Education, University of London (United Kingdom). The views expressed are those of the author and do not necessarily commit the national authorities concerned or the Organisation.

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SECTION I: FUNDING MECHANISMS IN THE EARLY 1970s

Introduction:

Until the early 1970s there was a widely held view that the mechanisms for the finance of higher education in Britain* were very nearly ideal. Certainly they were imitated in many other countries. There were two distinct parts of the higher education system, the universities on the one side and public sector institutions on the other. Both had distinctive features which were thought to be appropriate for the aims and purposes of its particular sector.

The Universities

For the universities, the keystone was the block recurrent grant system of the University Grants Committee (UGC). The UGC performed a dual role. One was to represent the needs of the universities to the Government and to recommend to the Department of Education and Science what the total size of the grant to universities should be in each five-year period, or quinquennium. The other UGC function was to allocate this quinquennial grant to individual universities.

The total size of the grant to universities was determined by the Government at five-yearly intervals in the light of its own assessment of national interests: in arriving at this assessment it invariably took advice from the UGC. Following the publication of the Robbins Report in the early 1960s, the main criterion influencing the total size of the grant was an estimate of the number of students likely to be seeking places in higher education and the Government's view about what proportion of these should be able to find university places. Considerations of manpower needs played a relatively small part, but in the early 1970s the Government was trying to encourage universities to increase the proportion of students in science and technology in the belief that graduates in these areas were

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* The government of higher education is complex. Universities in Great Britain (England, Wales and Scotland) are (until April 1989) funded by the University Grants Committee. Universities in Northern Ireland are also funded on the basis of UGC recommendations to the Northern Ireland Government. Other institutions are funded separately for each of the four countries, England, Northern Ireland, Scotland and Wales. This paper refers to universities in Great Britain and non-university higher education institutions in England only.

needed by the economy. The total size of the UGC grant was determined incrementally, that is it was increased from one period to the next, broadly but not rigidly, in relation to the increase in the number of students expected. The grant contained a considerable but unspecified component for research. This was intended to enable each university teacher to undertake research and scholarship as well as direct teaching of students, and also to provide "well found laboratories" and other facilities such as libraries and computing equipment which would allow the universities to bid for research grants from the five research councils funded by the government(1) on terms that required only the direct costs of each research project to be met. In many subject areas this "dual support system" gave the universities considerable price and quality advantages over research institutes that had to cover all their expenditures out of research income. While in some areas, notably agriculture, medicine and environmental science, the resesarch councils did establish fully costed research institutes, often on university campuses, the scale of such full cost basic research outside universities was lower than in many countries, such as France and the United States, that did not have the same degree of dual funding of universities.

The other main principle underlying the Government grant to universities was that the Government did not specify, except in very general terms, the uses to which the grant was to be put. Provided that universities spent their money in accordance with their royal charters, and kept within their income, which was not difficult in a time of rapid expansion, they were not required to account in detail for the uses they made of the public funds they received.

Towards the end of each quinquennium the UGC issued guidelines to each university, stating its view of how the university system as a whole should develop during the following five years. Each university responded with its five-year development plan. The UGC aggregated all of these and amended them in the light of its own priorities and the funds ultimately made available by the Government. Each university was then made an allocation, the value of which was largely assured in real terms for the subsequent five-year period.

This quinquennial grant system was extremely favourable to the universities and during the period of very rapid expansion in the 1960s gave them a prosperity they had not experienced before, nor have they done since. The independence of universities as public corporations and the freedom of academics to determine how university funds should be spent were at the centre of the picture. This autonomy of institutions was justified intrinsically as a guarantee of academic freedom in a democratic society, and also on the grounds that it encouraged efficient use of resources. The theory behind this second claim was that institutions which control their own resources understand and act according to the proposition that

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(1) At that time the Agricultural Research Council, the Medical Research Council, the Natural Environment Research Council, the Science Research Council and the Social Science Research Council. The grant to individual universities followed similar principles.

"there is no such thing as a free lunch". Universities knew that if they spent their money on one activity it was not available for another. Universities in Britain have a long tradition of participatory, collegial government and while resources were increasing year by year the block grant system and collegial forms of management on the whole operated very smoothly. Clearly there was competition for resources but at a time of growth the competition was for incremental resources and it was very rare indeed for any activity to be curtailed.

The central authorities were in fact able to exercise considerable influence over the broad direction of university development by their control of capital expenditure. All items of capital expenditure above a very low minimum had to be authorised specifically by the University Grants Committee if public funds were to be used. At a time of rapid growth when there was a large amount of university building and other capital expenditure this gave the central authorities considerable influence over the pattern of university development, in a manner that did not appear to conflict with the independence of universities. Like any other independent economic enterprise, they had the freedom to accept or to reject funds for particular capital projects but they could not be prevented from undertaking activities for which they already had funds. They were also allowed to accept capital funds from other sources and use them in any way that accorded with their Charters as universities.

However, another significant feature of university funding before the major upheavals of the early 1980s was that it provided little incentive for universities to seek recurrent funding for traditional activities from outside the UGC. In order to prevent popular or old established universities from being able to have much higher levels of expenditure per student than less favoured institutions the UGC took into account any other recurrent income when making its recurrent grant allocations. Thus a university with a substantial income from gifts or from industrial sponsors risked having an equivalent amount deducted from its recurrent grants. Not surprisingly most universities made little effort to seek outside funding for recurrent expenditure on their conventional activities. This UGC principle was not applied so explicitly for expenditure on buildings for supplementary activities such as Arts Centres and most private sponsorship of universities took this form in the 1960s and 1970s.

There can be little doubt that it was this sytem of university centred finance, more than any other single factor, which allowed British higher education to retain through the explosive expansion of the 1960s its main features in terms of course structures, modes of study, types of students and relationship between teaching and research.

The Public Sector

On the other side of the "binary line", in the polytechnics and colleges of higher education, an entirely different system of finance had evolved(1). It had two main components, the local authority sector and the "voluntary" sector consisting almost entirely of teacher training establishments sponsored by religious bodies. In describing the system as it was in the early 1970s it is convenient to group together all the teacher training establishments, local authority and voluntary, since their funding was separate from that of the local authority "advanced further education colleges". This latter group of colleges had all originated all originated as local colleges serving their immediate regions and most of them were administered and financed by their local authorities. However, as a result of the binary policy announced in 1965 and the student grants system which is described below, many of the public sector institutions, in particular the polytechnics rapidly became national rather than local institutions. This meant that the majority of their students came from outside the local authority which was financing them.

Until the 1960s this had happened on only a small scale and a system of recoupment had been instituted whereby local authorities could, in effect, buy places for their students in other authorities' colleges. This arrangement was impracticable when the majority of a college's students came from outside the authority and had their homes in up to 100 different authorities. The solution was the Advanced Further Education Pool. The essence of this arrangement was that each local authority paid into the Pool according to a formula based upon the number of potential students living in the area (this reflected potential demand from students) and the amount of industrial activity in the area (this reflected the potential demand by employers for the output of graduates and other qualified people from the colleges). Local authorities were able to draw money out of the Pool on the basis of the number of students they recruited to courses they deemed to be eligible by the Secretary of State for Education and Science.

The formulae and rules governing the allocation of Advanced Further Education Pool were the dominant influence on the patterns of growth in local authority higher education. In the early 1970s the total size of the Pool was not controlled and there was a strong incentive for individual local authorities to expand recruitment at their polytechnics and other colleges at almost no cost to themselves. There was also an incentive for them to concentrate on full-time students since the formula which governed

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(1) In broad terms higher education in Britain consists of all courses that are deemed to be "above" the GCE 'A' level taken by 18 year old school leavers. An important difference between the university sector and the public sector institutions was that the former concentrated almost entirely on full-time courses of first degree level and most work above first degree level, whereas the latter focussed more on courses of first degree level and below, and part-time courses. This report is concerned primarily with the difference between the two sectors in their financial arrangements and only indirectly the academic and organisational arrangments.

withdrawals from the Pool gave a more generous allowance to full-time students, particularly those on degree courses, than it did for part-time students and those on non-degree courses. Thus, although the formula was in a sense an example of zero based budgeting rather than the incremental budgeting practised by the UGC, its effect was to reinforce the status quo. The formula was the second major influence determining that the pattern of growth of higher education in Britain during the 1960s and 1970s took the form mainly of expansion of existing types of provision rather than development into new areas.

The main problem with the Pool, from the point of view of central Government, was that its operation did not encourage polytechnics and colleges to exercise expenditure restraint. So long as local authorities could obtain funds from the Pool on the basis of the number of student places they offered, there was a strong incentive for them to provide as many places as possible especially in the categories favoured by the formulae. At the same time, unlike the universities, the individual institutions did not have control over their own resources. Instead, they were controlled by detailed, line-by-line budgets with very little virement between budget items. Every expenditure had to be authorised by the local authority and used for the purpose for which it had been authorised. There was thus little incentive for the institutions to try to save money since any money they did save simply reverted to the authority, rather than being available for activities the institutions considered to be of higher priority.

The deficiencies of the Advanced Further Education Pool were the subject of much discussion and activity during the 1970s, culminating in the "capping" of the pool(1) in 1980 which was followed in 1982 by the establishment of the National Advisory Body for Public Sector Higher Education. The work of the NAB is described in section II below.

The other main component of public sector higher education in the early 1970s consisted of the teacher training institutions that were not an integral part of universities which provided a relatively small part of the formal teacher training though, of course, many university graduates went into teaching and the universities provided some teacher education. The voluntary teacher education colleges were funded directly by the DES rather similarly to the universities except that there was no intermediary body like the UGC. The local authority colleges were funded by means of a separate teacher training pool, the contributions to which were based solely on the school population of each authority.

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(1) This apparently mixed metaphor is an analogy with North Sea oil drilling which reached a peak in the mid-1970s. It demonstrates that the government saw Advanced Further Education funding not as a "pool" but as an uncontrolled geyser that had to be blocked or "capped" like an oil well blow out.

The other main difference between the finance of public sector higher education and the universities was the treatment of research. Although the binary policy claimed that polytechnics and other major institutions were to have "parity of esteem" with the universities no provision was made for them to have the general grant for research which the universities enjoyed. This difference was a cause of much dissatisfaction in the public sector, and the polytechnics in particular have frequently claimed that they are discriminated against unfairly as research institutions.

The Open University

A fourth major component of the British higher education system which was established in the early 1970s was the Open University. It was financed separately from both the traditional universities and the polytechnics. The Open University received a grant directly from the Department of Education and Science and the level of grant was the result of a negotiation between the university and the DES. It was based largely upon the number of courses of different types that the university intended to offer. Given the huge economies of scale that the Open University technology makes possible, finance on a per student basis would not have been reasonable, particularly in the early years. The other significant feature of Open University finance, as compared to other institutions, is that student fees were a much larger proportion of the total income of the university.

Research

The funding of university research was a cause of considerable concern in the early 1970s. As explained above, a substantial part of research funding was received as part of the UGC block grant which was not available to non-university institutions. It was also not very responsive to national research policy priorities. This linking of research funding to the UGC grant meant that a considerable proportion of research finance was determined not by the needs of research but by expansion of student numbers. (1)

The other major contribution of public funds to university research came from the Research Councils which provided funds for specific research projects that were initiated by individual academics who applied for grants. The Research Councils reacted to bids from the providers of research to a much greater extent than they steered resources into directions suggested by users of research.

By the 1970s the weaknesses of research funding were beginning to cause concern to Government and in 1971, following the publication of two official reports, a substantial proportion of the funds for Research

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(1) Although the proportion of UGC income intended for research was never specified the rule of thumb was that about 30 per cent of the UGC grant was effectively used for research. This was considerably more than the total resources of the research councils.

Councils was to be transferred to relevant Government departments and dispersed according to priorities determined by a new principle, the "customer-contractor principle" based on Government policy objectives. The idea was that the relevant Government department would specify particular areas of enquiry it wished to have undertaken, and researchers in research institutes and universities were to be required to bid for this research. The Government department was to be the customer and the research institute or department the contractor. The aim was to ensure that a larger proportion of research was undertaken in accordance with the wishes of users rather than producers. Thus, the balance was shifted to some extent away from fundamental research determined by academic priorities and to more applied forms of research determined by Government policy and commercial needs. This trend accelerated during the 1980s.

The Debate about Fees

In the early 1970s fees were a very small part of the income of higher education institutions in Britain and most British students had their fees paid out of central Government funds. The Robbins Committee had recommended that student fees should become a larger proportion of institutional income (20% was suggested) on the grounds that this would encourage them to be more responsive to students' wishes. However, this proposal was not taken up by the Government and student fees continued to account for less than 10% of total institutional income.

In 1965 the Government decided that the subsidy paid to universities and colleges in respect of overseas students should be reduced and overseas student fees raised to a level where they covered about 20% of average costs. This caused an outcry, particularly in the light of Britain's traditional links with and responsibilities towards developing Commonwealth countries. Despite this the level of fees in the early 1970s was not sufficient to make it worthwhile to universities to attract students from either home or overseas for their fees alone. On the other hand, since funding tended to follow student numbers institutions could be reasonably certain that if they did attract increased numbers of suitably qualified students they would in subsequent years receive additional funding.

Summary

Overall, the general incentives provided by the higher education systems as they were at the beginning of the 1970s encouraged the following responses:

1. Expansion tended to be concentrated on conventional students and conventional courses;

2. Academic priorities were the dominant influence on the pattern of higher education;

3. Research priorities were determined very largely by academics within the universities;

4. There was little incentive for institutions to seek funds from outside Government sources.

The Collapse of the Quinquennial Grant System and the Advanced Further Education Pool

The arrangements described above came under increasing pressure during the 1970s for a variety of reasons.

First, and undoubtedly the most important in practice, were the problems confronting the British economy following the oil price rise in 1973. This resulted both in a large increase in the rate of inflation and a much reduced rate of economic growth. The combined effect of these two pressures made it impossible to sustain existing levels of public expenditure, and from 1974 onwards there were progressive reductions in nearly all constitutents of the government budget. From 1979 onwards these were exacerbated by the election of a government committed to sharp reductions in public expenditure both as the best means of reducing inflation rates and as an intrinsically desirable aim.

The second reason for the collapse of the funding arrangements which had developed during the 1950s and 1960s was the reduction in the rate of growth of demand for higher education. During the whole of the post-war period there had been substantial annual increases in the proportion of school leavers seeking higher education, and in broad terms expenditure on higher education had kept pace with this demand. This had been institutionalised when the Government recognised the principle of the Robbins Report that courses of higher education should be available for all who were qualified by ability and attainment to pursue them and who wished to do so. Forecasts made during the early 1970s anticipated that this growth would continue. However, from about 1972 onwards the proportion of school leavers willing and able to enter higher education stagnated. Since Government plans were based on expected rather than actual student numbers, there was a tendency throughout the 1970s for planned expenditure to run ahead of actual needs and there was a tendency to excess capacity in many institutions. As a result, when universities and polytechnics sought to have the real value of their promised grants supplemented to take account of inflation, the Government was able to reply that their student numbers had not increased as rapidly as had been anticipated when the expenditure plans were made.

The third main factor which contributed to the relative stagnation of the 1970s was the disappointment of expectations that more higher education, and hence more graduates, would lead to higher rates of economic growth. Despite the rapid expansion of the previous two decades, British economic growth was still disappointing compared with most of her competitors. The claims made by human capital theorists and others about the investment value of higher education in the 1960s were probably exaggerated. Similarly, the reaction that set in in the 1970s probably went too far in the other direction. Instead of being treated as a significant national investment, many types of higher education came to be considered as inimical to economic growth through the cultural and social attitudes they engendered. Attention was drawn to the very small proportion of graduates who went into industry and commercial occupations.

The fourth main reason for the economic problems of universities, polytechnics and colleges in the 1970s was the sharp reduction in the demand for schoolteachers following the fall in the birth rate from 1965 onwards. This began to affect primary school intakes in 1970 and to be recognised publicly by government following the publication of its White Paper, A Framework for Expansion in 1972. Since schoolteachers constituted the largest single employment category of graduates, a reduction in the demand for schoolteachers resulted in an apparent over-supply of graduates of many kinds. There was a sharp deterioration in the job prospects for graduates and the estimated "rate of return" to higher education fell during the decade. It should be noted that demographic trends had no direct effect in reducing the demand for higher education in Britain until the late-1980s.

The impact of these factors on mechanisms of higher education finance manifested themselves in the collapse of the quinquennial grant system in the case of the UGC; and increasingly rigorous controls on the size and distribution of the Advanced Further Education Pool in the case of local authority higher education. The quinquennial grant system finally collapsed in 1976 when inflation was running at over 20% per year. With these rates of inflation universities were coming back to Government each year for additional funds to replace the lost real value of grants fixed in money terms. Because of their own straitened circumstances, governments were unable and unwilling to compensate universities for this loss and as a result the real value of expenditure per student fell considerably during the decade.

In the public sector the institutions were protected to some extent from the full rigours of central government stringency. Local authorities had independent sources of finance and many of them supplemented the allocations from the Advanced Further Education Pool in order to protect their recently established polytechnic and other local colleges. The mechanism of the Pool meant that those authorities which were able to expand their higher education most rapidly were able to obtain a larger share of the Pool, even when the Government began to try to limit its total size. The weaknesses of the Pooling System caused increasing concern and in 1978 the Government appointed a minister to chair a committee to recommend an improved mechanism for funding authority higher education. The Oakes Committee recommended the establishment of a national funding body (somewhat analogous to the UGC) which would have broad responsibilities for both the size of the Advanced Further Education Pool and its distribution. The Labour Government lost power before these recommendations could be put into effect and the ideas contained in the report remained dormant for a further three years.

National Advisory Body for Public Sector Higher Education (NAB)

It was in 1982, following the "capping" of the AFE Pool in 1980 and severe expenditure cuts in 1981, that the Government reintroduced the idea of a national funding body for public sector higher education. The main function of the NAB was to advise the Government on the allocation of the Advanced Further Education Pool. The National Advisory Body was thus similar in function to the UGC but its composition and modes of operation were very different. Whereas the UGC was dominated by academics,

representatives of local authorities were the dominant force in the National Advisory Body. Unlike the UGC, the NAB decided from the outset that formula funding would be its principal mode of operation. The NAB started its life in the unpromising atmosphere of expenditure cuts and severe competition for resources between the public sector and the universities, and between different institutions and authorities within the public sector. Despite these difficulties its open, formula-based approach to resource allocation brought some measure of planning and financial discipline to the sector. Another achievement of the NAB during its six years of existence was to provide for the first time a national voice for public sector institutions in debates both about resources and the aims and purposes of higher education institutions.

The Overseas Student Issue

One result of the stagnation of home student demand during the 1970s and the excess capacity which resulted was that many universities and colleges increased their enrolment of overseas students. Engineering departments in some universities had more than 75% of their enrolments from overseas, and many postgraduate courses would have collapsed completely without the overseas students. The institutions continued to receive considerable public subsidy on behalf of their foreign students, amounting to well over three-quarters of the cost, and around 90% in the case of medical courses.

This unregulated growth of overseas student numbers caused concern to the Government and in 1977 fees were again raised to cover about 20 per cent of the average costs but this time in conjunction with a rise in home student fees to the same level. Subsequently in 1978 attempts were made to impose a quota which would have limited overseas enrolments to about 10% of the total. Universities in particular resisted this imposition of quotas, claiming that it was an intolerable invasion of their autonomy. In the event, one of the first acts of the 1979 Conservative Government was to abandon the quota and increase the fees. In the following year the government withdrew the subsidy for overseas students altogether. Universities had either to charge full-cost fees, and the University Grants Committee recommended what these should be, or they would suffer very considerable financial loss.(1) There was an immediate outcry both from universities and from the countries which sent large numbers of students to Britain, particularly Malaysia, Hong Kong, Cyprus and Nigeria. Their complaints caused concern to British commercial and diplomatic interests and during the next two to three years the previous indiscriminate subsidy was partly replaced by targeted subsidies whereby the British Government provided scholarships to various categories of students. These included, in particular, those from developing countries of the Commonwealth, those who were deemed to be likely to occupy leadership roles in their countries and outstanding research students. By 1984 about half the subsidy had been restored but in the form of targeted fee support rather than general subsidy for all overseas students.

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(1) Students from the European Community continued to pay the same fees as British students.

The immediate effect of the increase in fees was a sharp reduction in the number of overseas students coming to Britain. However, universities realised very quickly that these new funding mechanisms meant that overseas student fees could generate substantial income and many universities undertook large-scale and well organised marketing operations. By 1986 there were more overseas students in universities than there had been before the full-cost fees policy.

In the public sector the response was different. The loss of overseas students sustained in 1981 has still not been made good. There is reason to believe that the difference from the universities is related in part to the different funding arrangements. For the most part public sector institutions were not, until 1985, able to retain income they earned, though some of them had sharing arrangements with their local authorities. There was, therefore, less incentive for them to try to replace the students lost as a result of the new fees policy.

The 1981 Cuts

The withdrawal of overseas student subsidy occurred in 1980. A year later, in 1981, the Government also announced substantial cuts in the income paid to higher education institutions in respect of home students. These were to amount to 8.5 per cent over the 3-year period 1982-1985. This was the first time ever that the Government had announced an intended reduction in the public subsidy. All the conventions which had developed over the previous half century of incremental budgetting were overturned at a stroke. The need for some form of systematic zero-based budgetting soon became apparent.

The reaction of the UGC was to reduce planned student numbers. They considered it important to try to protect the traditional high quality of British higher education through maintaining expenditure per student insofar as was reasonable. Accordingly, a reduction of some 5 per cent in student numbers over the period was planned, and the UGC proposed that the cuts were borne differentially in different universities based largely upon ad hoc assessments of the "quality" of the institutions. Some universities which exceeded their targets in order to attract additional fee-income from home students had a part of their grant clawed back by the UGC. However, they were allowed to recruit as many full-cost fee paying overseas students as they could attract, and indeed they were encouraged to do so.

In the local authority sector the reaction was different. There was between 1982 and 1985 a 25% increase in the number of students in the public sector. This was accompanied by a consequential 15% fall in the "unit of resource" or average expenditure per student. This was made possible in part by the existence in 1981 of surplus capacity following the stagnation in demand during the 1970s. There was also no central agency able to enforce discipline, on the separate institutions. Instead, the operation of the Advanced Further Education Pool meant that those local authorities which were able to attract the most students were able to attract the largest share from the Pool. There was, thus, a strong incentive for individual local authorities to increase their student numbers

and, in particular, to mop up those who were diverted from universities in order to maintain the resources available to their own institutions. Thus, the public sector retained its traditional priority of putting accessibility above the traditional quality criterion of high expenditure per student.

Summary

In summary, between 1981 and 1984 the number of students in universities fell by about 4 per cent while the average UGC income per student remained about the same in real terms: in the public sector the number of students increased by about 25% and expenditure per student fell by about 15%. At the same time, after the initial fall in enrolments following the introduction of the full-cost fees policy, university enrolments of overseas students increased very considerably while in the public sector they increased hardly at all. These differences were undoubtedly due in part to the different ethos of the two sectors. However, the different funding and control mechanisms also played a part in these different responses.

SECTION III: STUDENT FINANCIAL SUPPORT

The debate about student financial support in Britain is really concerned with two quite separate issues: (1) whether a larger part of the income of higher education institutions should be in the form of fees paid by students; (2) whether financial support for student maintenance costs should be in the form of grants or loans.

Fees

The Robbins Committee believed that higher education institutions would be more independent and likely to be more efficient and more responsive to the needs of society if they depended to a significant extent on the fees of students. The Report suggested that about 20% of institutional income should be derived from fees. This is not the same as recommending that students, or their families, should bear the costs. Individual students can be subsidised as easily as their institutions. At present all home student fees account for about 5 per cent of university income and some 12 per cent of polytechnic income. Most full-time students on undergraduate courses have this fee paid as part of their financial grant from Government. This fact, that fees derive ultimately from public funds has led some observers, for example the 1986 Jarratt Committee, to suggest that they should be abolished entirely. The Robbins Committee, however, took the more sophisticated view that "it is a source of strength that public finance should come through more than one channel". It is also the case that when a significant proportion of the income of higher education institutions depends upon student fees it is in their interests to attract more students and to provide courses that correspond to their demands.

The recommendation of the Robbins Committee to increase the proportion of university income received in the form of fees was largely ignored. However, for a short period in the late 1970s home student fees were raised to a level where they accounted for nearly 25% of the income of higher education institutions. This represented an income for some institutions that was higher than marginal costs, particularly on courses that were not recruiting well, and, therefore, there was some incentive for them to recruit more students than was suggested in their UGC targets in order to obtain the fee income. After 1981 this was felt to be incompatible with the UGC strategy of maintaining the unit of resource and limiting student numbers. There was also concern in the Treasury at a time of severe public expenditure restraint, that expenditure on students' fees could not easily be cash-limited. Like unemployment benefits, it depends on the number of claimants. Government was, therefore, persuaded in 1981 to revert to fee-levels that account for less than 10% of the income of higher education institutions.

The Student Grant System

Although the introduction of a universal system of grants for fees and living expenses for all degree level students was a major advance which facilitated the expansion of British higher education in the 1960s and 1970s, other countries achieved even higher rates of growth with very different financial arrangements. There is now a widespread belief that the grants system no longer serves the best interests of the nation, or even of students themselves. It is thought to hinder, rather than encourage, the development of a larger, more open and more flexible system of higher education.

The present system of student support provides mandatory grants to all full-time students following degree-level courses in universities, polytechnics and public sector colleges, and discretionary awards to those who do not fulfil the requirements of mandatory awards, including part-time students, those on non-degree level courses, or those who have already undertaken a previous course of study. Mandatory awards cover both fees, which as indicated above represent only a small fraction of the economic costs of tuition, and living expenses.

Tuition fees are paid for all regardless of income: parents are no longer expected to contribute towards the costs of tuition, as they did until 1977. However, the maintenance element of the award is subject to a means test; that is the subsidy a student receives depends on his or her family income. This means test has been applied with increasing severity since 1979.

The most widespread criticism put forward in recent years is that the declining real value of grants and the increasing severity of means testing has resulted in a considerable proportion of students suffering financial hardship. Parental contributions now represent 37% of the total maintenance costs of undergraduate students compared with 20% in 1979. The DES and the National Union of Students differ over the precise extent of the fall in the real value of the full value maintenance grant, but if the maximum grant is compared to that offered in 1962, when the present scheme started, there has been a fall of 20% compared with retail prices, 30% compared with average rents, and nearly 50% compared with average earnings and the price of books.

These changes are a disincentive to some young people, particularly those whose parents cannot or will not pay the assessed parental contribution. In 1982/3 a survey showed that nearly a half of all students claimed that they were not receiving the full parental contribution assumed under their grant assessment. For mature students who are forgoing larger earnings the disincentive is likely to be even greater. Their allowance is not adequate to cover the additional needs of students with family responsibilities, and recent changes in the way eligibility for a mature student's allowance is determined are thought by critics to be particularly disadvantageous to women.

Another criticism is that the present grant system provides little incentive for universities or polytechnics to develop new types of courses to meet the changing needs of industry and the economy. There have been proposals for two year pass degrees and more part-time undergraduate courses in universities, but the criteria for designation of courses which are eligible for mandatory grants discourages this kind of innovation.

In general, many critics believe that instead of encouraging expansion as it did in the 1960s the present system of grants is now a brake on expansion. Such critics see subsidies to students as being competitive with grants to institutions within a fixed total higher education budget.

Apart from mandatory awards there are several other forms of financial support for young people in higher education.

LEAs offer discretionary awards, but the conditions for eligibility and the level of awards vary considerably between different authorities. In 1985/6 the total expenditure on discretionary grants was about 20% of that on mandatory awards.

Some employers offer sponsorship to particular students, such as those intending a career in the armed services or in the engineering industry and a few students are on paid educational leave. Many students also claim social security benefits, particularly income support and housing benefits, but the government has announced its intention of withdrawing eligibility for such benefits, on the grounds that it is not appropriate for students to receive financial support from both the student support and the social security system. However, all these forms of supplementary support account for only a very small percent of the total financial aid available for students.

Postgraduate students are supported from a variety of sources. Many awards are made by the Research Councils according to a variety of criteria of which the principal are academic achievement and proposed subject of study. Postgraduate awards are competitive and are not means tested. However, the level of grant remains well below the level of earnings of comparable groups and are thought by many observers to discourage graduates from undertaking full-time postgraduate study. Because they derive from a variety of different sources it is difficult to arrive at an estimate of the total expenditure on grants to postgraduate students.

The Debate about Loans

Compared with most other countries of the Western world, the United Kingdom is unique in the extent to which it uses grants rather than loans as its principal form of financial support to undergraduate students, in the extent to which financial support is concentrated on a single type of course, and in the sharp distinction between full-time and part-time students in determining eligibility for support. It is widely agreed that even for the students who are eligible to receive them the maintenance grants are no longer adequate for students who have no other means of financial support. But to attempt to overcome this by increasing the real value of the grant, reducing the parental contribution and providing mandatory grants at current levels for students who at present do not qualify would be prohibitively expensive and would condemn the country to an even more narrowly restrictive higher education system.

The issue of student loans has been the subject of almost permanent debate since Robbins. The view of the Robbins Committee was that since a degree gave most graduates considerably higher earnings than their less well qualified contemporaries, there was no intrinsic reason why part of the financial support of the students should not be in the form of loans rather than grants. However, the Committee added that the low participation rate in British higher education made it undesirable to introduce loans until "the habit of higher education is more firmly established". Since that time there has been almost continuous debate inside and outside Government about whether a student loans scheme should replace the present grant arrangements in whole or in part. The argument is largely about the likely effect on equity and economic efficiency. Those who oppose loans assert that they would act as a disincentive to young people from poorer families, to women and to those from ethnic minority groups. Supporters of loans counter with the assertion that since most people with higher educational qualifications earn incomes that are significantly higher than average it is inequitable to expect tax payers to pay their living expenses while they are studying. The efficiency argument amounts to a belief that if students had to repay a significant part of the costs of their higher education they would be more careful about the courses they chose and would study more assiduously.

In recent years, however, two new considerations have dominated the debate and converted many former opponents to favour at least a partial loans scheme. The proportion of national income devoted to student grants has increased by 150% since 1961. It is now widely believed that this substantial commitment to student support is draining resources from more direct subsidy of higher education and associated activities. A growing number of university and polytechnic representatives now accept the argument that a switch from grants to loans would not significantly discourage participation amongst young people from the social groups most likely to undertake higher education, and it would permit significant increases in the funds available for the institutions.

The other new argument is that the concentration of grants on full-time students doing first-degree courses has influenced the demand for higher education in a way and to an extent that is inequitable and economically inefficient. If the amount of public funds currently spent on student grants were redistributed more equitably, so that all students,

full-time and part-time, were entitled to some grant, it would be necessary for full-time students, or their families, to contribute a larger share of their living expenses than they do at present. It can be demonstrated that such a redistribution, supplemented by Government guaranteed loans to cover the difference between grants and living costs, would be likely to increase the aggregate demand for higher education though the pattern of that demand would be very different from the present one. There would be fewer full-time students on honour degree courses and more part-time students on other types of course.

Despite continuing protests from the National Union of Students and some reluctance from the opposition political parties there is growing support for the view that it is necessary to develop a new system of student financial support which recognises that higher education is both a national and a private investment, the costs of which should be shared between all the partners, employers and taxpayers. There is also a recognition that higher education comprises a much wider range of institutions, courses and modes of study, and types of student than when the present grant system was introduced more than a quarter of a century ago and that it is no longer appropriate to concentrate financial support on full-time students doing degree level courses.

SECTION IV: FUNDING ARRANGEMENTS IN THE 1980s AND PROSPECTS FOR THE FUTURE

Changing Sources of Income

If complacency was the main characteristic of the funding of British higher education in the early 1970s, uncertainty is the dominant theme of the late 1980s.

Since 1970 the proportion of university recurrent income derived from the UGC Block Grant has fallen from over 70% to little more than 57% and more than half the income of several universities now comes from sources other than the UGC. The main implication of this shift is that most of the non-UGC income is earmarked for particular purposes and universities are accountable to their sponsors often in considerable detail, for the use to which they put the money.

There are four main components of this increase in non-UGC and non-NAB income.

(1) Income from research grants;

(2) Fees from students on award bearing courses;

(3) Fees for full-cost courses;

(4) Consultancy work.

The largest source of non-UGC income was from research grants and contracts. This rose from about 13% of their income in 1970 to 18% in 1986. Most research grants and contracts are specified in considerable detail. Universities are free to decide whether or not to bid for a particular project, but once they have signed the contract they have a contractual obligation to fulfil it.

The second largest component of non UGC income is fees especially those paid by overseas students. In 1985/6 fees accounted for 14 per cent of university income and 17 per cent of polytechnic income. Institutions are directly accountable for these fees in that the students or their sponsors, are customers of the universities. Many contracts have been signed with foreign governments to put on particular courses. A university or polytechnic which is seen as not giving value for money is likely to lose its full fee paying overseas customers and there is some evidence that this has been happening. Therefore, one effect of the full-cost fees policy is that higher education institutions are now more assiduous in providing courses geared to the needs and interests of students from overseas. Much more attention is being paid to the pastoral care of overseas students and there has been a big growth of interest in the activities of the United Kingdom Council for Overseas Student Affairs (UKCOSA) which is principally an association of university representatives who have an interest in the welfare of overseas students.

The third main constituent of non-UGC and non-NAB income courses are non-degree courses, mainly short courses, provided for British students and often paid for by employers. These activities are often described as "continuing education". In the universities "income for other services" which includes short courses, but also income from the use of university services such as testing and recreational facilities, rose from 3% of the total in 1970 to 5.5% in 1986. In the polytechnic sector income from "trading" was on a rising trend during the 1980s, reaching 7.2% in 1986/7.

It is apparent from these figures that there has been a marked shift away from traditional forms of funding in the university sector and that the sale of research and educational services is now a major component of both university and polytechnic income. This trend seems likely to continue. Because of the changes in public sector financing since 1970 it is not possible to document the trends in this sector. However, there too the basic core funding from the Advanced Further Education Pool is a declining proportion of the total.

The Education Reform Act

The main influence on the funding of British higher education during the next decade will be the Education Reform Act, that completed its passage through Parliament in the Summer of 1988. Broadly, this Act has four provisions which affect higher education:

i) the abolition of the University Grants Committee and its replacement by a Universities Funding Council: (UFC)

ii) the abolition of the National Advisory Body for Public Sector Higher Education and its replacement by a Polytechnics and Colleges Funding Council; (PCFC)

iii) the removal of Polytechnics and large Colleges of Higher Education from Local Authority control;

iv) the abolition of lifetime-tenured appointments for all new academic appointments to universities.

In addition changes in the curriculum, organisation, control and finance of secondary schools are likely to have an indirect effect on the demand for higher education.

The New Funding Councils

The main features of the UGC are that it is dominated by academics and its chairman has always been a distinguished academic, that its grants to universities are mainly general rather than ear-marked for specific purposes (though this principle has often been breached in recent years), and that the UGC has been the principal source of advice to Government on the financial needs of universities. There are to be fundamental changes in all of these under the new arrangements.

The Universities Funding Council has a larger proportion of its members from outside the universities. The first Chairman of the Council is a distinguished individual from outside the traditional university system. It is expected to have a less prominent role than the UGC in advising the Government on universities' financial needs.

The principal constitutional changes are:

(a) unlike the UGC, the UFC will be a statutory body;

(b) the Council itself, not as now the Secretary of State, will be formally responsible for the allocation of funds to individual universities;

(c) at least 6 of the Council's 15 members must come from outside higher education, a larger proportion than has been the case with UGC membership.

Under the new arrangements the Secretary of State will provide grant to the UFC for distribution to the universites. He may attach conditions to the money, but these may not relate to the funding of a named university. Decisions on how much to allocate to each university will be entirely for the Council. It will be allowed to attach conditions to its funding of individual universities. However, these may not relate to funds from other sources. Where conditions are imposed by the Council they ought to be subject to consultation either with individual universities or a representative body.

The Polytechnics and Colleges Funding Council have a similar structure, membership and mode of operation as the Universities Funding Council. It will have responsibility for the 29 Polytechnics in England together with 50 or so other major Colleges of Higher Education. The similarity between the PCFC and the UFC will be considerably increased by the fact that all of these institutions under PCFC control are to be taken out of local authority control and turned into independent corporations with a status similar to that of universities. (1)

It is not, however, the establishment of new funding Councils, nor their membership and Constitution which are likely to have the biggest effect on the funding of higher education institutions. It is the mode of operation which is foreseen for them by the Government. In its White Paper which preceded the Education Reform Bill, the Government proposed "in place of grants, a system of contracting between institutions and the new planning and funding bodies ... the intention in making this change is to:

- encourage institutions to be enterprising in attracting contracts from other sources, particularly the private sector, and thereby to lessen their present degree of dependence on public funding;

- sharpen accountability for the use of public funds, which will continue to be required;

- strengthen the commitment of institutions to the delivery of the educational services which it is agreed with the new planning and funding body they should provide.

"The Government recognises that a system of contracting must be so designed as to avoid damage to aspects of the work of institutions, such as the advancement of learning, which cannot regularly be embraced by specific contractual commitments. It also acknowledges that the system must make allowance for the time needed to develop courses to the point at which they become operational and start to recruit students."

In subsequent speeches the Secretary of State for Education and Science has made it clear that the Government does not intend such "contracts" between the funding bodies and the higher education institutions to be legal documents and no direct penalties are envisaged if an institution fails to meet the terms of a "contract". However, in a letter to the Chairman of the Polytechnics and Colleges Funding Council in October 1988 the Secretary of State wrote: "I shall look to the Council to develop funding arrangements which recognise the general principle that the public

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(1) There will in fact be a slight difference in that most universities have a Royal Charter, whereas the polytechnics and colleges will be established as statutory corporations. For all practical purposes these are the same thing.

funds allocated to polytechnics and colleges are in exchange for the provision of teaching and research and are conditional on their delivery ... The Act requires the Council to have regard to the desirability of not discouraging institutions from maintaining or developing its funding from other sources. I very much hope it will seek ways of actually encouraging institutions to increase their private earnings so that the State's share of institution's funding falls and the incentive to respond to the needs of students and employers is increased. ... it will be for the Council itself to devise appropriate means of allocating funds between institutions. I shall, however, expect to see two key features. The first is a means of specifying clearly what polytechnics and colleges are expected to provide in return for public funds. The second is a systematic method of monitoring institutional performance". A similar letter was sent to the Chairman of the Universities Funding Council.

The central aim of the proposed contracting arrangements remains as set out in the Government White Paper. This is to make the universities and other institutions more accountable to their funding bodies through the operation of market and quasi-market mechanisms. Although no legal penalties will ensue if institutions fail to meet their contracts, their performance will undoubtedly be closely monitored and the Councils will have the authority to reclaim funds that are not used in accordance with their wishes. Furthermore, performance on one round of contracts will undoubtedly influence the treatment received by an institution on subsequent occasions.

The reaction of the universities to these proposed changes has been almost universally suspicious, while the polytechnics and colleges have in general welcomed them. The explanation is that they started from different places. For the universities the shift has been from a broadly "collegial" model of funding which allowed them to spend general grants in accordance with their own institutional priorities. The polytechnics, on the other hand, were subjected to a good deal of bureaucratic control from both their local authorities and central government. For the universities, therefore, exposure to the market represents a reduction in their institutional freedom, whereas for the polytechnics it represents an increase.

Apart from the vested interests of autonomous institutions, the main danger foreseen by some commentators from a system of market financing is that it will become progressively more difficult for higher education institutions to teach broadly cultural subjects or to teach other subjects in ways that do not promise an immediate economic return. It is also feared that basic fundamental research will be similarly under-valued. These risks are exacerbated because the new arrangements are being implemented during a period of extreme financial stringency and fears have been expressed that it will be difficult for universities and polytechnics to retain funds for fundamental research and teaching that is not geared to the needs of the labour market. The government has shown some recognition of these fears by announcing an intention to switch public funds from near-market resarch to more basic work.

SECTION V: ISSUES FOR THE FUTURE

The financial circumstances of British higher education are clearly undergoing radical change. History will eventually decide whether the changes are inevitable and evolutionary, resulting from developments within the higher education system itself, or whether they are an aspect of a much wider shift in British economic attitudes which occurred quite suddenly in 1980 or thereabouts. For anyone concerned with policy and management decisions in British universities, polytechnics and colleges such considerations are largely academic. The incontrovertible fact is that universities are now subject to a great deal more explicit accountability for the public funds they receive than was the case before 1980 and this accountability is likely to increase very considerably when the new Universities Funding Council comes into operation. For public sector institutions the bureaucratic accountability of line-by-line budgetting will diminish when they become independent statutory corporations. However, like the universities, their accountability to their funding agencies for the pattern and efficiency of their academic activities is likely to increase. All institutions are experiencing a considerable increase in the influence of market forces and they are now responding to the purchasing power of a wide variety of client, for example overseas students and their sponsors, the Training Agency, local authorities who have increased powers over teacher-training budgets, private industrial and commercial enterprises, Government departments other than the DES, especially the Department of Trade and Industry, research councils and charitable foundations. These various "customers" of higher education now account for very nearly a half of the income of universities compared with about a quarter in the early 1970s. Public sector institutions still rely to a rather greater extent on their traditional funding sources but this situation is likely to change rapidly when they achieve their financial independence. In addition, the new Funding Councils themselves are likely to undertake far more explicit monitoring of institutional expenditure in relation to plans and budget proposals than has been the case with the UGC and the NAB.

Financial aid to students is also undergoing major change. Ever since 1961 the United Kingdom has been uniquely generous in the Western world in the financial support offered to full-time graduate students. This grants system has come under growing criticisms. It has not been associated with any marked increase in the proportion of young persons in conventional higher education with working class family backgrounds: since 1980 the expected parental contribution has increased sharply and the maximum value grant has not kept pace with rises in the standard of living elsewhere: the large cost of student grants, amounting to about one-third of the total expenditure on higher education, is thought to be seriously inhibiting the expansion of funds for higher education institutions: and the concentration of grants on full-time students on traditional courses has inhibited innovation and structural change in first degree courses.

In the Autumn of 1988 the Government produced a White Paper announcing its intention to introduce a loan scheme for those students entering higher education in the Autumn of 1990. The essence of the proposal is to peg undergraduate grants at their 1988/89 levels and for any increase in financial support to students to be in the form of loans made available through the banking system at a rate of interest equivalent to the rate of inflation. At current levels of inflation it is anticipated that by the year 2008 the costs of maintenance of the average undergraduate student will be shared as follows: Government grant 29%, bank loan 49%, parents and students themselves 22%.

Research funding also is likely to be reformed. The system whereby the majority of research in universities is funded through the UGC grant has been under attack from two influential quarters. Non-university institutions claim that the inclusion of a considerable amount of research support in the general UGC grant to universities gives them considerable advantages over other higher education institutions. The National Advisory Body and other representatives of the public sector have been arguing very strongly in recent years for a sharper distinction between the teaching and the funding of research and there are clear signs that Government is beginning to listen to their complaints. There is now widespread acceptance of the view that the traditional UGC method of allocating research funds through general subsidy linked to student numbers was very wasteful and did not result in value-for-money in research expenditure in relation to national research priorities. Both the UGC and the Research Councils have during the 1980s tried to focus their research expenditures much more sharply on areas of national priority and in institutions where high quality research is likely to take place. There is likely to be an intensification of these trends. The most recent manifestation of this is the decision by the Research Councils to establish a number of well resourced inter-disciplinary research centres in areas of national priority.

Underlying all these developments the most important external factor impinging on British higher education during the next ten years will be a decline in the number of young people leaving school. The downward demographic trend has already begun to affect higher education institutions and will continue at least until the 1990s. In these circumstances, increased competition between institutions and an emphasis on "marketing" is inevitable. Institutions will compete with each other for "traditional" students and all will try to increase participation from less traditional students. There will be growing emphasis on "access" by students from disadvantaged backgrounds and ethnic minority groups and there will also be growing emphasis on the continuing education of adults. For similar reasons the growing tendency to see research as an activity separate from teaching is likely to be emphasised still further.

Britain shares the falling birth rate and its implications for higher education with most other OECD countries. What is possibly unique about the British situation is that these inevitable trends are being underscored by changes in national policy which are intended to emphasise rather than reduce the changes any sector of economic activity experiences as it shifts from a situation of buoyant demand to one of stagnant or declining demand. In the view of the Government only financial pressures can force higher education to abandon the restrictive practices of the past and enable universities, polytechnics and colleges to emerge from the trials of the 1990s in a state that will enable them to make a proper contribution to a high technology economy of the twenty-first century.

TABLE I

MAIN SOURCES OF INCOME IN BRITISH UNIVERSITIES 1970-1986

	1970/1	1980/1	1986/7
Exchequer (UGC Block) Grants	71.2%	62.6%	55.0%
Fees	6.3%	17.2%	13.7%
Research Grants & Contracts	12.7%	12.9%	19.4%
Income for Other Services	2.9%	2.9%	6.1%
Endowments, Gifts etc.	1.5%	.9%	1.3%
Other Recurrent Income	5.3%	3.7%	4.5%
Recurrent Income (Mn) = 100%			
(Current Prices)	316	1,563	2,484
(1980 Prices)	1,374	1,563	1,749
Non Recurrent Exchequer Grants			
(Current Prices)	68	104	143
(1980 Prices)	296	104	101
TOTAL INCOME			
(Current Prices)	384	1,667	2,627
(1980 Prices)	1,670	1,667	1,850
Student Load	237,069	311,985	313,416
Recurrent Income per Student(1980 Prices)			
Exchequer (UGC Block) Grants	4,118	3,136	3,072
Fees	367	862	764
Other	1,302	1,012	1,746
TOTAL	5,787	5,010	5,581

Source: University Statistics, Vol Three, Finance (Annually)

TABLE II

SOURCES OF INCOME IN POLYTECHNICS 1982/3-1986/7

	1982/3	1986/7
Advanced Further Education Pool	70.6%	72.4%
Fees	16.8%	16.2%
Local Authority Support	9.7%	5.7%
Trading etc.	2.9%	5.7%
Recurrent Income (Mn) = 100%		
(Current Prices)	582	734
(1980 prices)	507	517
TOTAL INCOME		
(Current Prices)	582	734
(1980 prices)	507	517
Student Load	169,706	194,713
Recurrent Income per Student(1980 Prices)		
AFE POOL	2,107	1,922
Fees	501	430
Other	432	303
TOTAL	3,041	2,655

Source: Polytechnic Expenditure: Actual (Annually)

TABLE III

SOURCES OF UNIVERSITY RESEARCH AND CONTRACT INCOME

	1985/6
RESEARCH	
Research Councils	29.7%
UK Government	13.9%
UK Charities	13.3%
UK Industry	10.9%
Overseas	5.2%
Other	3.1%
OTHER SERVICES	
Short Courses	7.1%
Govt Depts	1.6%
Medical	8.0%
Other	7.1%
TOTAL	546,343

Source: University Statistics Vol3. Finance 1987

TABLE IV

FULL-TIME STUDENT NUMBERS 1970-1987 ('000)

	1970	1980	1984
UNIVERSITIES	228	299	291
Home Students			
Postgraduates	31	31	31
First Degrees	179	233	224
Other	..	2	1
Overseas Students			
Postgraduates	11	17	18
First Degrees	7	15	14
Other	..	2	3
NON-UNIVERSITY INSTITUTIONS	217	233	282
Home Students			
Postgraduates	..	12	11
First Degrees	36	121	171
Other	175	69	87
Overseas Students			
Postgraduates	..	1	1
First Degrees	2	9	7
Other	4	20	5
TOTAL FULL TIME STUDENTS	445	532	573

Source: DES Statistical Bulletin 9/85

TABLE V

PART-TIME STUDENT NUMBERS 1970-1987 ('000)

	1970	1980	1983	1984
UNIVERSITIES	42	100	111	113
Postgraduates	18	27	29	36
First Degrees	5	5	6	..
Open University	20	68	76	..
NON-UNIVERSITY INSTITUTIONS	120	189	201	199
Postgraduates	8	12	14	..
First Degrees	5	17	20	..
Other	107	159	167	..
TOTAL PART-TIME STUDENTS	162	288	312	313

Source: DES Statistical Bulletin 9/85

TABLE VI

Value of Standard Maintenance Grant for Undergraduates at 1980 Prices

	£	Index
1978/79	1486	104
1979/80	1448	101
1980/81	1430	100
1981/82	1371	96
1982/83	1329	93
1983/84	1317	92
1984/85	1355	95
1985/86	1317	92
1986/87	1329	93

Source: DES Statistical Bulletin 12/85 and 3/88

TABLE VII

Composition of Standard Grant

	Public Authorities' Contribution %	Parents' Contribution %
1976/77	74	26
1977/78	82	18
1978/79	84	16
1979/80	87	13
1980/81	87	13
1981/82	86	14
1982/83	82	18
1983/84	81	19
1984/85	76	24
1985/86	72	28

Source: DES Statistical Bulletins 3/88, 17/86, 12/85, 3/85, 3/84, 4/83, 16/81